

Expenditure—				£
Refund to Loan Account (annually for 10 years)	...	...	...	1,083
Salaries, rent, and office expenses	...	...	...	1,600
Maintenance of works	...	...	...	500
Sinking Fund	...	...	...	562
Interest on Loan, &c.	...	...	...	10,200
				<hr/> 13,945
Receipts—				
Port charges	...	...	...	1,000
Wharf dues	...	...	...	3,000
Rent of Tauwhareparae Block	...	...	...	500
				<hr/> 4,500
				<hr/> £8,445

As I have before shown, a rate of 1.75d. in the borough and 0.875d. in the country would yield £8,875, which is nearly equivalent to an average rate of 1d. on all property in the county. This full rate would probably have to be imposed, though I have not allowed for any increase in rateable values, which might reduce it somewhat.

The oil industry is the only thing that can alter this position, and which may assume such magnitude as to altogether relieve the district of its burden. It is estimated that the probable yield of the South Pacific well will be not less than a hundred barrels per diem. This oil, if all exported in some form or another, will amount to nearly 1,500,000 gallons per annum, or 8,500 tons, which at the present wharfage rates would yield £1,062 per annum; in addition to which there would be the increased shipping dues, the importation of machinery, the increase in population, and general impetus that would be probably given to trade. There are three more wells being put down, one of which, the Minerva, is already 800ft. deep, and expects to strike oil at about 1,100ft. Should these wells succeed, a considerable increase of revenue to the Board may be looked for.

I find that for the years 1886 and 1887 the average importation of kerosene into New Zealand for twelve months was a little over 1,000,000 gallons, valued at £49,203. It will therefore be evident that a market must be sought for the oil in other countries, where it must compete on equal terms with the American. I consider that the prospect of this industry is so hopeful that every means should be taken to encourage it. A few months will decide as to the yield of the wells, while the number to be put down will probably depend upon the possibility of competing with America.

The difficulty that now faces the Board is how to pay the interest during construction. After the completion of the works, what with the natural development of the country, the prospects of an oil trade, &c., the revenue may go a long way towards meeting the interest, so that only a small tax may be necessary in order to make up the deficiency. The imposition of the full rate upon property will enable the Board to meet its engagements, but I should doubt the wisdom of trusting to that means, as it must obstruct progress, shut out settlement, and depreciate the value of property.

6. *“The Capabilities of the District to bear the Burden of the present Rate, or such a Rate as it may be necessary to impose, without placing too heavy a Tax on the Inhabitants and hindering the Progress of Settlement.”*

Although the rate now levied of $\frac{1}{2}$ d. in the country and 1d. in the borough has been shown to be insufficient for the purpose of enabling the Board to meet its engagements after this year, I find that there is a general feeling that the district cannot bear a higher one, as it would press too heavily on the many struggling settlers who are already heavily taxed, and who, owing to the general depression existing, look with dismay upon the prospect in store for them. Many hold the opinion that a mistake has been made in voting for the prosecution of a work which must entail so heavy a burden upon the present generation. The interest of the loan amounts to an annual tax of nearly £2 per head of the population.

It is claimed that this district has received very little assistance from Government, and has obtained no fair share of the expenditure upon public works, but is now heavily taxed in conjunction with the rest of the colony to meet the interest of the public debt, to so large an extent expended upon railways from which the settlers are entirely shut out. From its position the district is isolated from the railways and roads constructed in other parts of the colony. Its only outlet is the sea, and it is in endeavouring to develop the facilities afforded it in this direction that the settlers have taken the lead, and now claim that Parliament should afford them some assistance, and relieve them from what must be a heavy burden until after the works are completed and the district developed. From a return supplied by the Clerk of the County Council it appears that between the years 1877 and 1887 the total amount of Government money expended in Cook County for roads, tracks, and bridges, other than that expended by the Survey Department, has been £39,264.

From the report made by Mr. C. B. Knorpp, Inspecting Engineer, when exploring the country between Napier, Gisborne, and Opotiki, and the maps attached to it, it will be seen that the classification of land in the county is shown as principally first-class pastoral. These maps give a very good idea of the nature of the country, as the classification is said to be a fairly accurate one. In order to bring it into a productive state the expenditure of both capital and labour is necessary, and, from what I was enabled to see of the hill-country, I should certainly consider that, from the nature of soil and climate, it must eventually become a first-class pastoral district. Although there is a considerable area of splendid alluvial land near Gisborne, capable of high cultivation, the bulk of the district is essentially pastoral, but capable of great improvement.